



**State of Arizona**

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## **Statement by Governor Jan Brewer**

### **Federal Health Care Plan Financially Devastating to Arizona**

"As the decade began, Arizona voters enacted an initiative (Proposition 204) to expand low income health care coverage through Medicaid (AHCCCS) in the state. Voters were led to believe that this state expansion would be covered with funding from the nationwide tobacco lawsuit settlement. In other words, they were told that tobacco companies would pay for it – not Arizona taxpayers.

At the time, AHCCCS had a population of 500,000 members and a total budget of \$3.0 billion. Today the program covers nearly 1.4 million Arizonans – nearly 1 in 5 Arizonans – at a cost of \$10 billion. The State matching funds required to fund just the populations expanded as a result of Proposition 204 will be \$900 million while the available tobacco settlement funding is projected to be \$120 million.

Over the past decade, Arizona has been trying to manage largely the same coverage expansion experiment that is currently being contemplated in Washington, DC, except that Congress wants to set the bar even higher.

Today, Arizona government sits on the precipice of fiscal insolvency. A damaged economy that has resulted in the largest percentage loss of jobs in the country combined with excessive government spending has created an enormous budget imbalance. No State program has grown faster than Medicaid.

While the managed care model and public/private partnership of the AHCCCS program have shown tremendous results making AHCCCS a model for cost containment and quality care, Arizona simply cannot afford the entitlement program we have today.

When Congress returns to Washington, DC, to begin 2010, the 8 Arizona members of the U.S. House of Representatives will again be faced with the decision of what to do with the federal

health care legislation. Potentially the House may be asked to concur on the Senate package that was recently passed.

Our Congressional Delegation needs to forcefully reject the Senate bill because it will cause irreparable harm to our State and will only exacerbate our problems here in Arizona. This is the same message I have been delivering to the federal government for months, and it is the message I personally delivered several weeks ago in Washington, DC.

First, the Senate bill creates a new \$4 billion unfunded mandate for the taxpayers of Arizona over the next 10 years. This is another new mandate we cannot afford. If Senate Democrats wish to expand coverage, they should be honest and pay for it – not push the cost responsibilities to states. The proposal does nothing to slow down the costs of health care, but instead creates the single largest entitlement expansion ever created in the United States. Our country cannot manage the entitlements of Medicare and Medicaid programs, as they currently exist. This legislation only exacerbates the problem. In fact, Arizona should return the current AHCCCS program to the voters with a funding source to see if they wish to pay for its costs. I do not support utilizing the temporary one-cent sales tax proposal to fund growing AHCCCS costs.

Second, the Senate bill actually punishes Arizona because (as in 5 other states) it has already expanded coverage (as mandated by the voters) and will not receive the same level of support from Congress as states that did not expand coverage. This inequitable policy treatment results in over \$15 billion in costs to the State through fiscal year 2020 that would not have been incurred without expansion.

Third, the Senate bill redistributes Arizona taxpayer money and gives it to other states (such as Nebraska, Louisiana, Massachusetts, and others) to fund coverage through special side deals.

Finally the Senate bill establishes full federal control of the Medicaid program and eliminates any discretion or options for states to meaningfully control costs.

The Senate bill has turned into such a bad deal for Arizona taxpayers that even a local Democratic legislative leader, a strong advocate for the federal health plan, has said the proposal is “unfair”. Please join me in contacting your elected representatives and encourage them to defeat the massive entitlement expansion, the 2,000 pages of special side deals, and the federal mandates that will devastate Arizona.”

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